

Message Text

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C O N F I D E N T I A L MOSCOW 2232

E.O. 11652: GDS

TAGS: ETRD EMIN UR US

SUBJECT: USSR DEPUTY MINISTER OF NON-FERROUS METALLURGY PROPOSES
EXTENSIVE COOPERATION WITH US FIRMS

PASS COMMERCE FOR BEWT/DOWNEY, ABRAHAMSON, STECHSHULTE,
AND HEISS

REF: MOSCOW 2135

1. SUMMARY: AT MEETING WITH USCO AND COMMERCE OFFICERS,
USSR DEPUTY MINISTER OF NON-FERROUS METALLURGY URGED
WIDER COOPERATION BETWEEN HIS MINISTRY AND US FIRMS. AFTER
REVIEWING ONGOING NEGOTIATIONS WITH KAISER AND UNION CAR-
BIDE, DEPUTY MINISTER PROPOSED TWO-WAY EXCHANGE OF LICENSING
PROPOSALS AND SERIES OF SEMINARS BETWEEN MINISTRY AND
FIRMS TO EXPLORE POSSIBLE AREAS OF COOPERATION. EMBASSY
URGES POSITIVE RESPONSE TO DEPUTY MINISTER'S INITIATIVE,
WHICH REPRESENTS MAJOR TRADE OPPORTUNITY. END SUMMARY

2. COMMATT, BEWT'S PLANAGAN AND COMMOFF MET FEB 12 WITH
V.N. KOSTIN, USSR DEPUTY MINISTER OF NON-FERROUS METALLURGY,
TO REVIEW ONGOING NEGOTIATIONS WITH U.S. FIRMS AND POSSIBLE
NEW AREAS OF COOPERATION. ALSO PRESENT WERE S.N. GLEBOV
OF SCST'S USA SECTION (SEE REFTTEL RE EARLIER MEETING WITH
GLEBOV) AND OTHER OFFICIALS OF MINISTRY AND STATE COMMITTEE.
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AS USCO'S REQUEST FOR APPOINTMENT DID NOT SPECIFY LEVEL,

INITIATIVE FOR MEETING WITH KOSTIN CAME FROM MINISTRY.

3. KOSTIN REVIEWED DISCUSSIONS WITH KAISER FOR CONSTRUCTION OF ALUMINUM COMPLES AND TALKS WITH UNION CARBIDE FOR GRAPHITE ELECTRODE AND SILICON PROJECTS. NOTING THAT TECHNICAL PHASE OF KAISER DISCUSSIONS COMPLETED, HE SAID FIRM MUST TAKE FIRST STEP IN NEGOTIONS WITH MINISTRY OF FOREIGN TRADE SINCE KAISER HAD GIVEN ONLY PRELIMINARY INDICATION OF ITS APPROACH TO COMMERCIAL ARRANGEMENTS. HE HOPED FIRM WOULD MOVE ASAP AND, DESPITE PROBLEMS WITH TRADE AND EX-IM LEGISLATION, SAW NO INSURMOUNTABLE OBSTACLES TO CLSOING DEAL. KOSTIN ALSO SUGGESTED COMMER- CIAL NEGOTIATIONS BE STARTED WITH UNION CARBIDE, ALTHOUGH TECHNICAL DISCUSSIONS NOT YET COMPLETED, FOR SOME TECHNICAL ASPECTS (E.G., EXTENT OF CAPITAL INVESTMENT) WILL DEPEND ON COMMERCIAL ARRANGEMENTS.

4. AFTER REVIEW OF PRESENT LICENSING AGREEMENTS WITH U.S. FIRMS KOSTIN COMMENTED THAT CONTRACTS IN THIS AREA HAVE BEEN HAPHAZARD AND "WHAT HAS BEEN DONE SO FAR HAS ALMOST BEEN DONE BY CHANCE." WHEN PLANAGAN MENTIONED LITSENZINTORG, KOSTIN REPLIED THAT THERE WAS NO PROBLEM WITH DIRECT CONTACT BETWEEN U.S. FIRMS AND HIS MINISTRY AS LITSENZINTORG ROLE LIMITED TO COMMERCIAL NEGOTAIONS. HE SUGGESTED ORGANIZED APROACH COULD SUBSTANTIALLY INCREASE TRADE IN TECHNOLOGY AND OFFERED TO PROVIDE USCO WITH UPDATED LIST OF MINISTRY'S LICENSE OFFERS AND LIST OF TECHNICAL AREAS WHERE MINISTRY WOULD BE INTERESTED IN U.S. LICENSES.

5. KOSTIN STRESSED, HOWEVER, THAT HIS MINISTRY'S INTEREST EXTENDED BEYOND PURE TECHNOLOGY TO MACHINERY AND EQUIPMENT AND ENCOMPASSED ALL ACTIVITIES FROM MINING GEOLOGY TO FINE METALLURGY. TO EXPLORE WHOLE RANGE OF POSSIBILITIES FOR COOPERATION, HE SUGGESTED SERIES OF DOUBLE SEMINARS (ONE PART IN US, ONE PART IN USSR) EACH FOCUSING ON DIFFERENT METAL WITHIN MINISTRY'S RESPONSIBILITY. ATTENDED BY REPRESENTATIVES FROM MINISTRY AND AMERICAN FIRMS, EACH PAIR OF SEMINARS WOULD PERMIT PARTICIPANTS TO EXAMINE POSSIBLE AREAS OF COOPERATION--"TO SEE WHAT EACH CONFIDENTIAL

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WANTS AND WHAT IT HAS TO OFFER." KOSTIN SUGGESTED FIRST PAIR DEAL WITH COPPER AND BE FOLLOWED BY SEMINARS ON LEAD AND ZINC.

6. PLANAGAN EXPRESSED APPRECIATION FOR DEPUTY MINISTER'S PROPOSALS AND PROMISED TO ARRANGE DISSEMINATION OF LICENSING OPPORTUNITIES TO U.S. BUSINESS COMMUNITY. KOSTIN AND COMMATT AGREED THEY WOULD TALK FURTHER ABOUT

PROPOSED SEMINARS AFTER IDEA CONSIDERED IN UNITED STATES.

7. COMMENT: EMBASSY REGARDS DEPUTY MINISTER'S PROPOSALS AS EXCEPTIONALLY STRONG DISPLAY OF INTEREST IN COOPERATION WITH AMERICAN FIRMS. EMBASSY BELIEVES THIS IDEA HAS CONSIDERABLE MERIT AND OFFERS USCO'S ASSISTANCE AND FACILITIES IN ITS REALIZATION. BEWT OFFICERS MAY WISH TO DISCUSS PROPOSAL WITH PLANAGAN UPON HIS RETURN TO WASHINGTON.
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